

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: FINANCE

DATE: APRIL 8, 2015

COMMITTEE MEMBERS PRESENT:

SUPERVISORS CONOVER
TAYLOR
SOKOL
MONROE
WOOD
KENNY
MERLINO
FRASIER
DICKINSON

OTHERS PRESENT:

MIKE SWAN, COUNTY TREASURER
KEVIN GERAGHTY, CHAIRMAN OF THE BOARD
PAUL DUSEK, COUNTY ADMINISTRATOR
MARTIN AUFFREDOU, COUNTY ATTORNEY
JOAN SADY, CLERK OF THE BOARD
FRANK THOMAS, BUDGET OFFICER
SUPERVISORS BEATY
BROCK
SIMPSON
STROUGH
JODI CENTERBAR, LEGISLATIVE OFFICE SPECIALIST
DAVID STRAINER, TOWN OF QUEENSBURY RESIDENT
DON LEHMAN, *THE POST STAR*
AMANDA ALLEN, DEPUTY CLERK OF THE BOARD

Mr. Conover called the meeting of the Finance Committee to order at 9:47 a.m.

Motion was made by Ms. Wood, seconded by Mr. Sokol and carried unanimously to approve the minutes of the prior Committee meeting, subject to correction by the Clerk of the Board.

Copies of the meeting Agenda were distributed to the Committee members and a copy of same is on file with the meeting minutes.

Privilege of the floor was extended to Mike Swan, *County Treasurer*, who handed out copies of a document entitled "*Warren County Summary of Analyses*", a copy of which is on file with the meeting minutes. He advised that he had spent the last couple of weeks trying to figure out a way to deal with the financial impacts of the County having to sustain operations at the Westmount Health Facility for and additional one to one and a half years without bankrupting the County and to also borrow money for the court expansion project. Mr. Swan stated that until yesterday, he had honestly thought there would be no way to do this; however, he stated, he now believed they had determined an appropriate strategy. Mr. Swan advised the document he had distributed included three scenarios for bonding a total of \$16.5 million for the court expansion/renovation project. He further advised he was suggesting that \$8 million of this total be bonded in 2015 to commence the new construction portion of the court space expansion project, with the bonding of the remaining amount to be delayed until 2017 when the renovation work for the existing court space would begin. Mr. Swan explained that by implementing this scenario, they could save about \$300,000, assuming that the interest rates remained the same (*second scenario listed*). Because it was more likely that the interest rates would increase, he said he had included the third scenario which accounted for same.

Mr. Swan stated that pursuant to discussions with Jeffery Tennyson, *Superintendent of Public Works*, and the project engineers, it was his opinion that the renovation work would actually be less than the \$8 million estimated and he pointed out that if they were able to complete the renovations for \$6 million, they would be saving a lot of money. Additionally, he said he was recommending that the County undertake a different approach to the bond repayments than they typically used which allowed for smaller payments to be made initially, and larger payments to be made in following years; he added that this would allow the County to address the court space expansion project while funding any additional costs related to the continued operation of the Westmount Health Facility. Mr. Swan noted that these projections were contingent upon the sale of Westmount sometime between 2015 and 2017 which he was confident would occur unless the Board of Supervisors changed their mind about the sale.

According to the information provided by Mr. Swan, Mr. Conover summarized that the first step in this process, hopefully to take place at the April Board Meeting, would be to authorize bonding for \$16.5 million, with roughly half to be accessed in 2015 and the rest in 2017 when necessary for the renovation portion of the court expansion project. Mr. Swan confirmed this was correct and he noted it was his understanding that the new construction would be completed first in order to move staff into the new space and then complete renovations to existing space. He advised that by delaying the bonding of half of the funds they would avoid incurring interest charges for monies not being used.

Mr. Monroe questioned why they were not considering Bond Anticipation Notes (BAN) to borrow money as needed and Mr. Swan replied he had considered this idea, but determined the scenarios he had presented would be more financially favorable because they were assuming that interest rates would increase.

Mr. Taylor stated he was concerned about the County's ability to cover cashflow needs; he noted that the Debt Service Schedule included in Mr. Swan's handout indicated a \$1.14 million payment would need to be made in 2019 and he questioned whether the County would have enough long term debt paid off at that time to make the payment. Mr. Swan replied affirmatively, indicating that projections indicated a decrease in debt service over the next few years. He admitted that they would not be able to cover the \$1.14 million payment with the decrease in debt service alone, but noted that if they were to implement their typical practice of making higher bond repayments at the beginning of the term, the County would have a payment in excess of \$1 million due next year and if they were still funding operations at Westmount the County would definitely experience a difficult cashflow situation. Mr. Swan apprised that his Office had worked with the County Administrator's Office to prepare the projections provided and he pointed out that in 2018, if the County was still funding Westmount operations, these costs coupled with those associated with the borrowing of money for the court expansion project would deplete the County's Unappropriated Surplus Balance to about \$7 million, which was lower than it could be. He applauded the Board's tremendous accomplishments over the past five years to bring the County's finances back from the brink to the good shape they were in currently. Mr. Swan stated that he did not want to see all of this good work undone by bringing the fund balance down to \$6 million or \$7 million, requiring the borrowing of money to make payroll expenses which was never a good situation.

Mr. Conover questioned if the point at which the interest rates were set was when they actually marketed the bonds and Mr. Swan replied affirmatively, noting that they were projecting a June 1st marketing date. He advised interest rates were currently at an all time low and they were not anticipating any major changes in interest rates until 2016. Mr. Conover commented that if the Board authorized the bond resolution at the April 17th Board Meeting they would be able to achieve the June 1st marketing date; however, he added, if they waited until the May Board Meeting the bond marketing would be delayed, as well, and they would receive whatever interest rate was in place at that time. With regard to the initial \$8 million to be bonded for the new construction work, Mr. Swan noted he would need to confer with Mr. Tennyson and the project engineers to ensure this was a sufficient amount to fund the work because he did not want to undertake this bonding process more than once for the new construction portion of the work. Mr. Conover questioned whether there was any reason to believe the total cost of both the new construction and renovation portions of the court expansion would exceed the \$16.5 million bond amount and Mr. Swan replied in the negative, indicating that \$16.5 million would be the absolute maximum for the entire project; Mr. Swan added it was his feeling that the total project cost would actually be quite a bit less than the estimated total, but they needed to be sure they had sufficient funding available.

In relation to a project being undertaken by the Town of Lake George, Mr. Dickinson advised recent bids had indicated that of the seven bidders, three had submitted proposals that were \$1 million under the project cost estimates.

Motion was made by Mr. Dickinson and seconded by Mr. Kenny to approve a bond resolution authorizing \$16.5 million for the court expansion project.

At Mr. Swan's request, Martin Auffredou, *County Attorney*, clarified the motion was to advance a serial bond resolution in the amount of \$16.5 million; he also noted that although they would try to advance the resolution for the April 17th Board Meeting, there were some unanswered questions to be addressed and legal review that needed to be completed before this could be done. Mr. Auffredou indicated that if they were unable to prepare the resolution in time for the April 17th Board Meeting, it would be prepared for the May 15th Board Meeting.

Following further discussion, Mr. Conover called the question and the aforementioned motion was carried unanimously, thereby authorizing the necessary resolution for the April 17th Board Meeting, or for the May 15th Board Meeting if it could not be prepared in time.

Commencing the Agenda review with Section III, Item 1, Mr. Conover addressed a request to authorize transfers of funds, as included in the Agenda packet for Committee approval.

Motion was made by Ms. Wood, seconded by Mr. Taylor and carried unanimously to approve the request and the necessary resolution was authorized for the April 17th Board Meeting.

Mr. Conover noted there were no additional requests from the Treasurer's Office to be addressed. Moving on to Agenda Item 3, he outlined a referral from the County Facilities Committee, *Airport*, requesting to increase Capital Project No. H303.9550 280, *Runway 1-19 Envir. Assessment & Preliminary Engineering*, in the amount of \$30,000 with the source of funding to be a transfer from Budget Code A.9950 910, *Transfers-Capital Projects*.

Motion was made by Mr. Merlino, seconded by Mr. Dickinson and carried unanimously to approve the request and the necessary resolution was authorized for the April 17th Board Meeting.

Agenda Item 4, Mr. Conover announced, pertained to a referral from the Criminal Justice Committee, *Assigned Counsel*, requesting to amend the 2015 County Budget to reflect the receipt of unanticipated revenues and appropriations in the amount of \$51,736 for grant funding provided by the Office of Indigent Legal Services.

Motion was made by Mr. Dickinson, seconded by Mr. Taylor and carried unanimously to approve the request and the necessary resolution was authorized for the April 17th Board Meeting.

Mr. Conover advised Agenda Items 5A-E consisted of referrals from the Health Services Committee, which he proceeded to outline, as follows:

Office of Community Services -

- 5A) Request to amend the 2015 County Budget to reflect the receipt of unanticipated revenues and appropriations in the amount of \$25,000 in relation to funding received from the New York State Office of Mental Health for expansion of Home-Based Crisis Intervention Services for children, youth and families in Warren, Washington and Saratoga Counties through an agreement with Parsons Child and Family Center.
- 5B) Request to amend the 2015 County Budget to reflect the receipt of unanticipated revenues and appropriations in the amount of \$14,469 in relation to funding received from the New York State Office of Mental Health for expansion of Crisis Respite Services through agreement with WAIT House.
- 5C) Request to amend the 2015 County Budget to reflect the receipt of unanticipated revenues and appropriations in the amount of \$1,009 in relation to funding received from the New York State Office of Mental Health. These are pass-through funds for the Council for Prevention, Inc., which are meant to cover the 2% Direct Care Cost of Living Adjustment for non-profit agencies.

- 5D) Request to amend the 2015 County Budget to reflect the receipt of unanticipated revenues and appropriations in the amount of \$530,623 in relation to funding received from the New York State Office of Mental Health. For development of mental health mobile crisis services for children, youth and families in Warren, Washington and Saratoga Counties through a new agreement with Parsons Child and Family Services.

Public Health -

- 5E) Request to amend the 2015 County Budget to reflect the receipt of unanticipated revenues and appropriations in the amount of \$38,000 in relation to funding received from the New York State Department of Health for the Ebola Program.

Motion was made by Mr. Kenny, seconded by Mr. Sokol and carried unanimously to approve Items 5A-E, as outlined above, and the necessary resolutions were authorized for the April 17th Board Meeting.

Continuing to Agenda Item 6, Mr. Conover read aloud a referral from the Public Works Committee, DPW, requesting to increase Capital Project H333.9550 280, *Valley Road over Patterson Creek*, in the amount of \$1,845,500 to cover the anticipated local match for construction and inspection services with the source of funding to be: \$1,476,400 Federal share; \$230,000 New York State Marchiselli share and \$139,100 to be transferred from Budget Code D.9950 910, *Transfers-Capital Projects*.

Motion was made by Mr. Merlino, seconded by Mr. Dickinson and carried unanimously to approve the request and the necessary resolution was authorized for the April 17th Board Meeting.

Mr. Conover announced Agenda Items 7A-C consisted of Requests/Items to be Discussed by the County Administrator, which were outlined as follows:

- 7A) Journal Report identifying transfers authorized by the County Administrator - Mr. Conover noted this report reflected all of the transfers approved by the County Administrator's Office for informational purposes.

Chairman Geraghty noted there seemed to be a lot of transfers approved for the Office of Emergency Services (OES) and he questioned whether this was just grant funding. Paul Dusek, *County Administrator*, replied affirmatively, explaining this was grant funding received for the purchase of radio equipment which was initially budgeted in the wrong code and the transfers were required to correctly allocate the funds. In response to Chairman Geraghty's concern that there seemed to be quite a few transfers taking place early in the year, Mr. Dusek noted that the departmental budgets were very tight, requiring Department Heads to request transfers of funds to cover expenses where needed. He further noted this was simply a function of their strict budgeting procedures and he advised he would much rather use this practice than have overinflated budgets with unnecessary funds included in them.

- 7B) Request to appropriate funds in the amount of \$49,000 from the Vehicle Reserve Fund, A.896.00, to Budget Code A.1165 230.1, *District Attorney, Auto Equipment Reserve* (\$19,000) and Budget Code A.6510 230.1, *Veterans' Services Auto Equipment Reserve* (\$30,000) for the purchase of vehicles.

Motion was made by Ms. Wood, seconded by Mrs. Frasier and carried unanimously to approve Item 7B and the necessary resolution was authorized for the April 17th Board Meeting.

- 7C) Review of draft Credit Card Policy - Mr. Dusek noted he had distributed the draft policy on Friday to allow everyone time for review prior to the Committee meeting. He explained that he had started the establishment of a policy when the Board authorized the use of P-cards in place of the County credit cards and when he had looked for prior policies to ensure he was listing the regulations correctly, he had found that although there were some practices and guidance used, there was not a standard written credit card policy in place to describe how the use of credit cards should be handled. Mr. Dusek opined this was a good opportunity to establish a written

policy so that everyone would understand how such operations would take place. He explained he had initially set forth the typical credit card practices in writing and had then modified them to include allowances provided by resolution regarding the use of P-cards; he added that he had then talked with the County Treasurer, Clerk of the Board, County Auditor and his own staff to determine whether any additional changes to the draft policy were necessary. With respect to the P-cards, Mr. Dusek advised the initial resolution had authorized the P-cards to be used for up to five accounts, one of which was with Cargill for salt purchase. He advised that because the County no longer used Cargill as their salt vendor, he had taken the liberty of removing them from the policy. Additionally, he advised that because the P-cards would consist of four accounts with monthly credit limits not to exceed \$15,000 and one account with a monthly limit not to exceed \$150,000 in order to make road salt purchases. Mr. Dusek continued that because there needed to be accountability measures in place for use of the credit cards, he had developed a number of forms requiring card holders to sign off and acknowledge the policy and receipt of credit cards. Mr. Dusek proceeded to review the various "Schedule" documents included in the draft policy, a copy of which was included in the Agenda packet. He concluded that the draft policy explained what the County credit cards could and could not be used for and offered more clarity than had been available in the past. Mr. Dusek stated that he recommended the adoption of the draft policy, opining that it would bring the County forward and provide guidance and standards of accountability with respect to credit card use.

Ms. Wood agreed this was a good policy, but questioned whether the "Schedule C and D" documents should be altered to remove Joan Sady's, *Clerk of the Board*, name as she would soon be retiring. Mr. Dusek replied affirmatively, noting they would likely replace Mrs. Sady's name with "Clerk of the Board" so that the form would apply.

Motion was made by Ms. Wood, seconded by Mr. Sokol and carried unanimously to approve the draft credit card policy, with the aforementioned revisions to "Schedules C and D", and the necessary resolution was authorized for the April 17th Board Meeting.

Privilege of the floor was extended to Mr. Auffredou to address Agenda Item 8, which pertained to funding for the legal defense of the Gillette matter. Mr. Auffredou noted that, as previously discussed, he had retained the services of the Law Firm of Lemire, Johnson and Higgins, LLC to represent Warren County in State Court proceedings introduced by County resident Jack Gillette which had been ongoing for some time. He further noted that there was also a Federal Court proceeding on this matter which the same law firm was representing the County in through NYMIR (*New York Municipal Insurance Reciprocal*). Mr. Auffredou advised that based on an invoice he had already received from Law Firm of Lemire, Johnson and Higgins, LLC, as well as a fee proposal submitted for ongoing work, exclusive of trial, he was requesting the appropriation of \$35,000 to the County Attorney's budget for legal fees to be transferred from a source to be recommended by the County Administrator. Mr. Dusek advised the most reasonable source of funding would be the Contingent Fund and he confirmed he was in agreement with the amount requested by Mr. Auffredou.

Motion was made by Mr. Monroe and seconded by Mr. Merlino to approve a transfer of funds in the amount of \$35,000 from the Contingent Fund, A.1990 469, to Budget Code A.1420 440, *Law (County Attorney), Legal/Transcript Fees*.

Mr. Dickinson questioned how much had been spent on this legal matter so far and Mr. Auffredou answered they had paid \$4,902 for December of 2014 and \$7,938 for January of 2015 and he noted there was also an invoice for February of 2015 outstanding; Mr. Auffredou acknowledged this was an expensive endeavor. Mr. Dickinson then asked how much of Mr. Auffredou's time had been spent working on this matter and Mr. Auffredou advised he had not kept track, but noted he had spent a considerable amount of time working on this case. Mr. Dickinson said his point in bringing this up was to identify that a considerable amount of money, and Mr. Auffredou's work hours, had been expended

in relation to an issue that was completely avoidable. He continued that these were the shortcomings of irrational decisions made by the County of Warren that impacted a private citizen. Mr. Dickinson stated he found it very galling that the County was now responsible for these expenses and he felt that at some point this issue should be revisited to counsel staff as to how these types of issues should be addressed in the future.

Mr. Sokol recalled that the costs anticipated by Mr. Auffredou did not include those related to legal representation in a trial and Mr. Auffredou confirmed this was correct and advised it was unlikely that a trial would occur in 2015, but said they would revisit the matter if that was the case.

There being no further discussion, Mr. Conover called the question and the motion to approve a transfer of funds, as outlined above, was carried by a majority vote, with Mr. Dickinson voting in opposition, and the necessary resolution was authorized for the April 17th Board Meeting.

Concluding the Agenda review, Mr. Conover announced Item 9 pertained to Finance Committee action which was required on the following items as approved by the Personnel Committee: Personnel Agenda Items 2, 3, 4, and 5B.

Motion was made by Ms. Wood, seconded by Mrs. Frasier and carried unanimously to approve the request and the necessary resolution was authorized for the April 17th Board Meeting.

Mr. Conover advised the Personnel Committee had approved another matter requiring Finance Committee approval regarding the deletion and creation of a position at the Westmount Health Facility which was not included on the Personnel Agenda. At Mr. Conover's request, Joan Sady, *Clerk of the Board*, explained Personnel Committee approval had been given to delete the Health Facility Keyboard Specialist position (*Grade 5, \$27,435*) and create the new position of Health Facility Office Records Specialist #2 (*Grade 14, \$36,815*) effective April 20, 2015.

Motion was made by Mrs. Frasier, seconded by Mr. Dickinson and carried unanimously to provide the required approval and the necessary resolution was authorized for the April 17th Board Meeting.

There being no further business to come before the Finance Committee, on motion made by Mr. Kenny and seconded by Mr. Merlino, Mr. Conover adjourned the meeting at 10:31 a.m.

Respectfully submitted,
Amanda Allen, Deputy Clerk of the Board